



**JACKIE LACEY**  
**LOS ANGELES COUNTY DISTRICT ATTORNEY**

HALL OF JUSTICE  
211 WEST TEMPLE STREET LOS ANGELES, CA 90012 (213) 974-3600

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

54 March 31, 2020

A handwritten signature in black ink, appearing to read "Celia Zavala".

CELIA ZAVALA  
EXECUTIVE OFFICER

March 17, 2020

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO COMPLETE AND ACCEPT GRANT FUNDING  
FROM THE CALIFORNIA STATE DEPARTMENT OF INSURANCE FOR THE HIGH IMPACT  
INSURANCE FRAUD PROGRAM AND APPROVE APPROPRIATION ADJUSTMENT FOR FISCAL  
YEAR (FY) 2019-20  
(ALL DISTRICTS) (4-VOTES)**

## **SUBJECT**

This Board Letter requests authority for the District Attorney's Office to complete and accept grant funding from the California Department of Insurance (CDI) for the High Impact Insurance Fraud Program (HIIFP) for Fiscal Year 2019-20. Therefore, we are requesting the Chair to sign the required Resolution as required by the grantor. In addition, approval of the Appropriation Adjustment is requested.

## **IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the District Attorney (DA), on behalf of the County of Los Angeles, to complete and accept grant funding from CDI for the HIIFP in the amount of \$100,000, which partially offsets the program cost for the period of July 1, 2019 through June 30, 2020.
2. Adopt the attached Resolution authorizing the DA to complete and accept grant funding and, as an agent for the County, to accept and execute a grant award agreement from CDI. This also includes authorization to approve any extensions or amendments to the grant award that do not affect net County cost.
3. Approve the attached Appropriation Adjustment in the amount of \$100,000 in order to align the District Attorney's budget with the grant award.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to continue the DA's commitment to investigate and prosecute organized automobile insurance fraud rings that perpetrate fraudulent schemes with suspected losses of over \$1,000,000.

The CDI has invited the DA's Office to participate in the application process for the High Impact Insurance Fraud Program grant to enhance the prosecution of Automobile and/or Organized Automobile Insurance Fraud cases. The District Attorney's Office will use available funding to target the prosecution of Yury Chernega, et al., Case No. BA477147, and related spin-off cases involving automobile insurance fraud by a ring of corrupt chiropractors that so far exceeds \$6,000,000 in losses.

An executed Resolution is required by CDI as part of the grant application.

### **Implementation of Strategic Plan Goals**

Approval of the recommended action is consistent with both the Los Angeles County Strategic Plan Goal No. 1, Make Investments that Transform Lives: Aggressively address society's most complicated social, health, and public safety challenges, as well as Goal No. 3, Realize Tomorrow's Government Today: Be an innovative, flexible, effective, and transparent partner focused on public service and advancing the common good.

### **FISCAL IMPACT/FINANCING**

CDI has awarded the DA's Office grant funding in the amount of \$100,000 for the HIIFP, which partially offsets the program cost for the period of July 1, 2019 through June 30, 2020.

Approval of the attached Appropriation Adjustment in the amount of \$100,000 is requested to align to the DA's budget with the grant award. This amount represents the FY 2019-20 grant award, which was not included in the District Attorney's FY 2019-20 Adopted Budget due to this program being a newly awarded grant for the DA's Office.

If funding for this program were to be terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department or discontinued with the reallocation of staff to vacant budgeted positions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

CDI has successfully litigated anti-fraud cases resulting in settlement payments which pursuant to the provisions of Insurance Code Sections 1871 et seq., 1872 et seq., and 1874 et seq., upon appropriation shall be used by CDI for enhanced investigation and prevention efforts. CDI has received an appropriation of \$1,500,000 for Fiscal Year 2019-2020.

Under the direction of the Insurance Commissioner, the CDI administers the High Impact Insurance Fraud Program and the distribution of funds to district attorneys for the enhanced investigation and

prosecution of insurance fraud.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

CDI has awarded the DA's Office grant funding and will not propose any attorney staff augmentation. Therefore, the DA's Office is not subject to the Board Motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriffs Departments.

**CONCLUSION**

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two copies of the adopted Board letter and two Resolutions, with wet signatures, to Mrs. Melanie Rubio, Grants and Contracts Section, District Attorney's Office, 211 West Temple Street, Suite 200, Los Angeles, California 90012. Any questions may be directed to Mrs. Melanie Rubio at (213) 257-2803.

Respectfully submitted,



JACKIE LACEY

District Attorney

mr

Enclosures

c: Executive Officer, Board of Supervisors  
Chief Executive Officer  
County Counsel

**Los Angeles County Chief Administrative Office  
Grant Management Statement for Grants \$100,000 or More**

<b>Department:</b>	DISTRICT ATTORNEY'S OFFICE
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<b>Grant Project Title and Description</b>	HIGH IMPACT INSURANCE FRAUD PROGRAM
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The objective of this program is to enhance the criminal investigation and prosecution of Automobile and/or Organized Automobile Insurance Fraud cases with suspected losses of over \$1,000,000. These grant funds will allow the District Attorney's Office to target the prosecution of Yury Chernega, et al., involving a ring of corrupt chiropractors whose fraudulent scheme has so far resulted in over \$6,000,000 in losses.

Funding Agency	Program (Fed. Grant #/State Bill or Code #)	Grant Acceptance Deadline
CALIFORNIA DEPARTMENT OF INSURANCE	CALIFORNIA INSURANCE CODE SECTION 10127.17	N/A

<b>Total Amount of Grant Funding:</b>	\$100,000	<b>County Match:</b>	\$0
<b>Grant Period</b>	Begin Date: July 1, 2019	End Date:	June 30, 2020
<b>Number of Personnel Hired Under This Grant</b>	Full Time: 1	Part Time:	0

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program?	Yes	<u>X</u>	No	_____
Will all personnel hired for this program be placed on temporary ("N") items?	Yes	<u>X</u>	No	_____
Is the County obligated to continue this program after the grant expires?	Yes	_____	No	<u>X</u>
If the County is not obligated to continue this program after the grant expires, the Department will:				
a.) Absorb the program cost without reducing other services	Yes	_____	No	<u>X</u>
b.) Identify other revenue sources (describe below)	Yes	_____	No	<u>X</u>
_____				
c.) Eliminate or reduce, as appropriate, positions/program costs funded by the grant.	Yes	<u>X</u>	No	_____

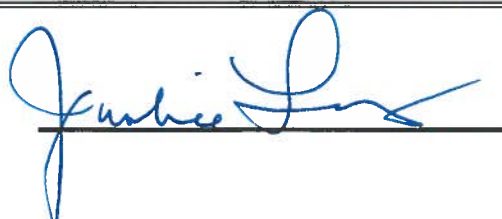
Impact of additional personnel on existing space:

None

Other requirements not mentioned above:

None

Department Head Signature



Date

2/5/20

1                                   **BOARD OF SUPERVISORS**  
2                                   **COUNTY OF LOS ANGELES**

3                                   **RESOLUTION**

4                                   Authorization to Accept a Grant Award from the  
5                                   State of California, Department of Insurance  
6                                   Pursuant to California Insurance Code  
7                                   Chapter 12, commencing with §1871, et seq.

8                                   **WHEREAS**, the provisions of §1872.8 of the California Insurance  
9                                   Code authorize the State of California, Department of Insurance to award and  
10                                  distribute certain funds to District Attorneys submitting plans approved by the  
11                                  Fraud Division for the increased investigation and prosecution of fraudulent  
12                                  automobile insurance claims, and the District Attorney is charged with providing  
13                                  prosecution of all felony offenses committed within this County; and

14                                 **WHEREAS**, the County of Los Angeles, acting through its Board of  
15                                 Supervisors, desires to undertake a certain program designated the "High Impact  
16                                 Insurance Fraud Program" by the District Attorney, to be funded through funds made  
17                                 available by the Insurance Fraud Prevention Act as provided for pursuant to California  
18                                 Insurance Code §1872.8, administered by the State of California, Department of  
19                                 Insurance; and

20                                 **WHEREAS**, the State of California, Department of Insurance approved  
21                                 the fraud reduction plan submitted by the District Attorney's Office for FY 2019-2020  
22                                 for the High Impact Insurance Fraud Program for this specific task.

23                                 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of  
24                                 the County of Los Angeles is authorized, on its behalf, to submit the attached proposal  
25                                 to the California Department of Insurance and is authorized to execute on behalf of the  
26                                 Board of Supervisors the attached Grant Award Agreement including any extensions  
                                  or amendments thereof and approves acceptance of grant funds from the State of

California, Department of Insurance, to be used exclusively for the program designated the "High Impact Insurance Fraud Program" for the period covering July 1, 2019 to June 30, 2020;

**IT IS AGREED** that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and the California Department of Insurance disclaim responsibility for any such liability.

**BE IT FURTHER RESOLVED** that the grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

**I DO HEREBY CERTIFY** that at a regular meeting of the Board of Supervisors of the County of Los Angeles, on this 31<sup>st</sup> day of March, 2020, the foregoing Resolution was adopted.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of the Board of Supervisors of the County of Los Angeles this 31<sup>st</sup> day of March, 2020.



County of Los Angeles

By

*Karmyn Barger*

Chair, Board of Supervisors

APPROVED AS TO FORM  
BY COUNTY COUNSEL:

MARY C. WICKHAM

By

*Nancy M. Takade*

Nancy M. Takade  
Principal Deputy County Counsel

ATTEST: CELIA ZAVALA  
EXECUTIVE OFFICER  
CLERK OF THE BOARD OF SUPERVISORS

By

*Sachelle Smith*  
Deputy



February 11, 2019

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

DISTRICT ATTORNEY'S OFFICE

**AUDITOR-CONTROLLER:**

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFORE****FY 2019-20****4 - VOTES****SOURCES****USES**

DISTRICT ATTORNEY  
A01-DA-88-8810-14030  
STATE-SPECIAL GRANTS  
INCREASE REVENUE

100,000

DISTRICT ATTORNEY  
A01-DA-1000-14030  
SALARIES & EMPLOYEE BENEFITS  
INCREASE APPROPRIATION

100,000

**SOURCES TOTAL \$ 100,000****USES TOTAL \$ 100,000****JUSTIFICATION**

The appropriation adjustment reflects a State grant award from the California Department of Insurance (CDI) for the High Impact Insurance Fraud Program. The new grant will help continue the DA's commitment to investigate and prosecute organized automobile insurance fraud rings that perpetrate fraudulent schemes with suspected losses of over \$1,000,000. The appropriation adjustment is necessary in order to align the District Attorney's budget in the amount of \$100,000.

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

AUTHORIZED SIGNATURE

Michael Au-Yeung, Chief Budget &amp; Fiscal

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

**54****MAR 3 1 2020**

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR---

**CELIA ZAVALA**  
EXECUTIVE OFFICER

☒ RECOMMENDATION

BY

DATE

*Laraine*

*Feb. 12, 2020*

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

DATE

*R. C. [Signature]*

*2/14/2020*

AUDITOR-CONTROLLER

B.A. NO. **232**